

ASX Release

21 September 2020

Notification of Breach

Vector Resources Ltd (“the Company”) advises that it has received notice of breach by the Company of the Adidi Kanga Share Sale and Purchase Agreement (“SSPA”) from Mongbwalu Goldfields Investment Ltd (MGI).

The notice alleges the Company is in breach of an obligation under the SSPA to make available to Mongbwalu Goldfields Investments Holdings 6 Limited (MGIH6) a US\$10 million shareholder loan facility as part of the terms of payment of the purchase price to MGI for the Company’s shareholding interest in MGIH6. The Company is not in a position to provide such a facility to MGIH6 at this time.

Under the notice, MGI has informed the Company that if the shareholder loan facility is not made available to MGIH6 by 28th September 2020, MGI will do all such things as may be necessary to enforce its rights, including but not limited to the delivery to MGI of the Company’s shares in MGIH6 which are held in escrow under the terms of the Escrow Agreement between the Company and MGI entered into on completion of the acquisition of the Company’s interest in the Adidi-Kanga Gold Project (refer to the Company’s announcement to ASX dated 11 January 2019).

The Company disputes the notice and is considering its legal position. The Company will be writing to MGI to request withdrawal of the notice of breach and will reserve its legal rights.

Prior to receipt of MGI’s notice of breach, on the 3rd of September 2020 the Company proposed a funding agreement to relevant parties, including MGI and the Company’s major lenders, to recapitalise the Company on terms that the Company had understood were commercially acceptable in principle and capable of acceptance by all parties, subject to receipt of all necessary regulatory and shareholder approvals. To date, this proposal has not been accepted by MGI and no funding agreement has been entered into. Any proposed funding agreement remains subject to agreement between the proposed parties.

We will advise of any further developments.

This announcement is authorised for release by the company secretary Michael Hendriks.

-ENDS-

For further information please contact:

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